

**TOWN OF ROCKY HILL
FINANCE COMMITTEE
MEETING OF APRIL 15, 2015**

Present: Chairwoman Cathy Vargas and Councilor Bill MacDonald. Also present: John Mehr (Finance Director), Guy Scaife (Town Manager), Mona McKim (Treasurer and Accounting Manager), Russ Ford (Director of IT and Facilities) (Entered at 4:38 p.m.)(Left at 4:45 p.m.) and Councilor Nadine Bell.

Absent: Councilor Guy Drapeau.

Chairwoman Vargas called the April 15, 2015 meeting of the Finance Committee to order at 4:30 p.m. in the Council Chambers, Town Hall, 761 Old Main Street, Rocky Hill, CT.

I. ACTION – APPROVAL OF MINUTES – MARCH 11, 2015 MEETING

Councilor MacDonald made a motion to approve the Minutes of the March 11, 2015 meeting of the Finance Committee. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

II. UPDATE – DELINQUENT PROPERTY TAXES COLLECTION – TAX COLLECTOR

Town Manager Scaife said they are continuing to make good progress on their collections. (Please see the First Attachment.) The Town is beginning to see some money coming in and it is believed that this is associated directly with the planned tax property sale. The remaining balance for this will be settled somehow this coming year. They will also continue going through the Intent to Lien process. The collection agency for the delinquent motor vehicle taxes has been changed and they have been quite aggressive. It is clear that the collection rate will be higher, the sooner that they can get to the collection agency. In the past, the Town had waited for a full year before they could send the taxes out for collection and he isn't sure why. Chairwoman Vargas asked Town Manager Scaife if he knew what percentage the \$49,798 is of the total that has been collected for delinquent motor vehicle taxes. Town Manager Scaife said he would have to get that information.

III. ACTION – REFUND OF OVERPAYMENT OF PROPERTY TAXES – TAX COLLECTOR

Finance Director Mehr said this is more of a formality because someone had overpaid their taxes and this exceeded his authority to approve up to \$1,500 so this has to go to the Town Council. Councilor MacDonald asked if the \$1,500 is practice or if this is in their Town Charter. Finance Director Mehr thought a Resolution had been done when the late Nick LaRosa had been Town

Manager and this amount had been increased to \$1,500 from \$500. Councilor MacDonald said there might be an opportunity to have another Resolution at some point to give the management more authority to waive these things. This can maybe be looked into and brought up at another point.

Councilor MacDonald made a motion to approve the Resolution - Property Tax Refund and forward this to the Town Council for its Consent Agenda. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

BE IT RESOLVED THAT a tax refund in the following amount be and is hereby authorized for the following taxpayers:

<u>List Number</u>	<u>Name</u>	<u>Amount</u>
2013-01-14904	Ana Olezza 13454 Kent St Naples FL 34109	\$3,226.61

Report and Recommendation

Town Council authorization is required for tax refunds in excess of \$1,500. This refund is due to overpayment by taxpayer in connection with refinancing. Passage of this resolution is recommended.

IV. ACTION – TWO ELECTRONIC SIGNS – IT DEPARTMENT

Town Manager Scaife said Russ Ford has been working on this. The electronic sign at the corner of the Silas Deane Highway and Glastonbury Avenue had been replaced a couple of months ago and there has been positive and tremendous feedback. There are two more electronic signs in front of Fire Station # 2 and Fire Station # 3. The one at Fire Station # 3 is failing. The manufacturer will not come out and service those because those are so antiquated and they don't have people who are skilled in that. He said that Finance Director Mehr has identified some money for these out of this year's budget. Town Manager Scaife said there will be a twelve week lead time on these. The old electronic signs had required an IT person to get in their car and drive to the site. They had to be within twenty to twenty-five feet of these electronic signs with a laptop to manually configure these. Messages weren't rotated often because of the labor intensity of this. For the new electronic signs, a person in the office, etc. will be able to change the message "on the fly" almost. A dramatic increase has been seen in the number of messages, as well as in the demand, from departments and from some outside organizations that qualify for usage of the electronic signs. The message has been allowed to be changed on a frequent basis (with the new electronic sign) and this means they are out of sync with the other two electronic signs. At this point, Russ Ford entered the room and Town Manager Scaife told him that he had gone over some of the highlights.

Town Manager Scaife asked Finance Director Mehr to speak about the financing for this. Finance Director Mehr said they were still waiting for bids to come in for the Rocky Hill High School project at this time last year and they had the road referendum coming up so they weren't

sure about their game plan to finance these. Money was budgeted in the interest expense line so that they could cover the cost of the interest in case they did short term BANS. They did the bonding in October and an interest payment isn't scheduled until the next fiscal year. There is a surplus of monies that is sitting in the interest debt service account. This is approximately \$80,000 and can be transferred into Capital Improvements to fund this project.

Chairwoman Vargas asked Russ Ford if he wanted to add anything and he believed they covered this. Chairwoman Vargas asked Councilor MacDonald if he had any questions. Councilor MacDonald said these should have been replaced years ago and he is absolutely in favor of doing that. He recalls that these electronic signs are in brick now. He confirmed that the brick, which he thinks looks really nice, is staying and that there is just an insert that will go into it. Russ Ford said correct.

Chairwoman Vargas confirmed that they didn't need a motion for this. Town Manager Scaife said he would like to get the support of this Committee on the record. Chairwoman Vargas said this is part of the budgetary transfers. Finance Director Mehr said they could support this and then the funding will be approved through the budgetary transfers.

Councilor MacDonald made a motion that the Finance Committee approve the replacement of two electronic signs according to the documents presented and as included in the budget transfer documents. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

V. ACTION – BUDGETARY TRANSFERS – JUNE 30, 2015

Finance Director Mehr said the first group of budgetary transfers relates to salary adjustments that had been approved after the budget got adopted. They are looking to move \$179,185.58 out of contingency into various salary lines, as well as coverage for social security. The other transfers, which are in Capital Improvements, have to do with when the boilers were replaced at 699 Old Main Street, R.H. One hundred thousand dollars was budgeted this year for the dispatch equipment and this has since been put under a referendum item in this year's Capital Improvements. Thirty-five thousand dollars of that money has been used and \$60,000 of this, which is in Capital Improvements, has been left for furniture he believes. There was also another transfer out of contingency that was associated with two emergency purchases of pickup trucks, which had broken down this past winter, for the Parks and Recreation Department. Another transfer was to finish carpeting in the remaining parts of the Cora J. Belden Library and \$65,000 is being taken out of contingency for this to be moved over to Capital Improvements. The last transfer relates to the electronic signs. Chairwoman Vargas asked if they knew what the remaining balance in contingency is after these transfers. Town Manager Scaife said this is \$179,185. Chairwoman Vargas said this is what they moved out of contingency. Mona McKim thinks coincidentally that this is running approximately in the range of \$179,000.

Councilor MacDonald made a motion to approve the Resolution for the Budgetary Transfers (Contingency Accounts) and forward this to the Town Council for its Consent Agenda. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present. (Please see the Second Attachment.)

**VI. ACTION – INTRA-GENERAL FUND BUDGETARY TRANSFERS –
JUNE 30, 2015 – FINANCE**

Finance Director Mehr said this is for changes in the presentation of the adopted budget by the moving around of some accounts, as well as consolidating some budgets into one and setting up some rollups. This is a formality so that the auditors can see that the Town Council has agreed with these budget changes. The numbers will remain the same. Chairwoman Vargas asked if the existing year is being taken. Finance Director Mehr said the presentation is being reformatted. Chairwoman Vargas asked if the transfers they just did are included in this and Finance Director Mehr said no. Chairwoman Vargas asked Councilor MacDonald if he had any questions. Councilor MacDonald said this is purely geography with regards to where the numbers are and has absolutely no impact to the taxpayers.

Councilor MacDonald made a motion to approve the Resolution – Approval – Changes to the Presentation of the 2014-2015 Adopted Budget and forward this to the Town Council for its Consent Agenda. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

BE IT RESOLVED that the Rocky Hill Town Council approves the reorganization that the Town Manager made to the presentation of the 2014-2015 Town of Rocky Hill Adopted Budget that was approved by the Town Council on May 19, 2014.

Report and Recommendation

The Town Manager reorganization included: transferring budget lines from one budget to another; collapsing budgets into other budgets; and developing departmental budget roll ups for reporting and management purposes. No budgetary numbers in the adopted budget were changed as a result of this process. By approving this resolution, this agrees to this new reporting format.

VII. DISCUSSION – AUDITOR’S MANAGEMENT LETTER – FINANCE

Finance Director Mehr said he had received the management letter from the auditors one or two weeks ago with regards to the June 30, 2014 audit. He told the Councilors that he had provided to them before this evening’s meeting, what the Town’s responses back were. The first one related to the writing off of interest. This is tied more into a timing issue where the bill would have been paid with a postmark within the timeframe of being received on time but this wasn’t posted until the following month due to weekends or holidays. The system generates an interest charge automatically and this was what was being written off. This wasn’t any interest that the Town earned but this was more of correcting a timing issue. The Tax Department will be getting a stamp going forward that states “Approved”. This will be stamped and the Tax Collector will sign off on it, as well as date it. This will document that the Tax Collector has reviewed and approved the signing off of interest. The next response related to a segregation of duties. The Town’s Finance Department and the Board of Education’s Finance Department have changed the way in which checks are mailed out. The creators of the checks won’t be mailing them out but someone else in the offices will.

The last two responses are with regards to more timely notices with regards to things happening in the news as far as fraud risk assessment and the fraud tip line. They will talk to other Towns about this to see if they have done anything so that they can get some ideas or they will check with the auditors to see how they suggest that Rocky Hill goes about this. He believes that Rocky Hill is working on the whistleblower concept now.

Chairwoman Vargas asked Councilor MacDonald if he had any questions. Councilor MacDonald said to make sure they tie into the fraud tip line to whatever whistleblower action they are going to come out with. He was really pleased to read the management comments. He thinks this is an indication of the quality of the procedures and process the Town has. He has no problems with this.

Finance Director Mehr said the Town Council will get a copy of the management letter from the auditors, along with his responses, in their next packet.

VIII. ACTION – APPOINTMENT OF AUDITORS – FINANCE

Finance Director Mehr said they generally have two year contracts with BlumShapiro. BlumShapiro will be doing the June 30, 2015 audit. Joe Kask, the Town's previous partner, is now in charge of the whole office so Nikoleta McTigue will be in charge of the audit. Finance Director Mehr said a cost was provided to him for BlumShapiro doing the next two years. He told this Committee that he put this out to them to see if they would entertain renewing the agreement with BlumShapiro for another two years. Councilor MacDonald said he would be all in favor with agreeing to a two year deal. BlumShapiro is one of the second tier firms in public accounting and one of the better ones in the Hartford area. He understands that BlumShapiro works well with this Town and they haven't had any issues with them.

Councilor MacDonald made a motion to approve the Resolution – Appointment of Auditors and forward this to the Town Council for its Consent Agenda. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

BE IT RESOLVED that the firm Blum, Shapiro & Company of West Hartford, Connecticut be appointed as auditors for the Town of Rocky Hill for the year ending June 30, 2016, at a cost of \$48,500.00 and for the year ending June 30, 2017, at a cost of \$49,000.00.

Report and Recommendation

In 2007, Scully and Wolf, LLP of Glastonbury merged with Blum, Shapiro & Company. The firm of Scully and Wolf (now Blum, Shapiro) has performed the Town audits for the years ending June 30, 1998, through 2015. Fees paid to the firm for the last four years were \$45,000.00, \$47,500.00, \$47,500.00 and \$48,500.00. Both the Town and Board of Education staff recommends continuing to use Blum, Shapiro & Company services and, therefore, recommends this appointment.

IX. UPDATE – LEGAL BILLS SUMMARY –FINANCE

Finance Director Mehr said Town Attorney Borea has been out sick so he is expecting to have the legal bills for February and March sent to Town Manager Scaife's attention sometime next week. Chairwoman Vargas asked Finance Director Mehr to save this for this Committee's next meeting.

X. UPDATE – STATE AID TO MUNICIPALITIES FOR 2014-15 BUDGET – FINANCE

Finance Director Mehr believes the Town should be getting three payments in for this month. They received their money from the Mashantucket Grant so they will just be waiting for their last payment from that. They haven't received the money for the school transportation or the third payment for the ECS Grant but those will most likely come in at the end of this month.

XI. MONTHLY FINANCIAL REPORT – MARCH 2015 – FINANCE

Chairwoman Vargas asked Finance Director Mehr if there were any highlights. Finance Director Mehr said they have reviewed nine months of utility costs for electricity and for heating. They should be coming in under budget for those. The electricity is slightly spiking up due to the increase in the distribution charges put into place by Eversource. The Town is locked in for this calendar year and next year at a 7.9 cent kilowatt charge. He couldn't tell how they are doing with legal seeing they were missing two months' worth of those bills. He thinks the Highway Department is finished plowing snow. The RHPD has three more Officers in training in-house, as opposed to being at the Police Academy, so this will hopefully control some of the Police overtime in the near future. He asked Town Manager Scaife if he had any concerns and he didn't. Councilor MacDonald asked if the kilowatt charge is through Eversource and he asked if they ever looked at some of the other generators. Finance Director Mehr said this is with Liberty Power out of Florida. The Town went with a purchasing group through CRCOG (Capitol Council of Governments). The rate includes being 20% green.

XII. UPDATE – RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURE FUND – MARCH 2015

Finance Director Mehr told the Councilors that he provided an update of this to them and he added an additional column for internal transfers within the fund. Part of the budget process is for them to take a look at some of the accounts which have balances that have been in them for quite a while. Some accounts were closed out that had balances they weren't going to use and this money was transferred into other accounts where they wanted to do projects. One of these is for the repair of a restroom at the Cora J. Belden Library. Two solar powered speed traffic signs have been bought for the RHPD to use for traffic control.

Town Manager Scaife referred to sidewalk repairs. The Town will be gearing up soon for this. They will be continuing with a contractor who they have used in the past and that has a good rate. Jim Sollmi (Director of Community Development Services) and Steve Sopelak (Town Engineer) have an area for this already designated. Steve Sopelak is updating a map that reflects specified and planned projects. They will have a master map that they will continue to work off of year after year. Councilor MacDonald asked if they have prioritized which sidewalks are

really in need of repair. He has seen sidewalks being done in Rocky Hill that lead to a cul-de-sac, which is “mind boggling” to him because he would rather have sidewalks done around the schools, etc.

XIII. OTHER

Finance Director Mehr told the Councilors that he gave them two handouts with regards to school CIPs. One handout was with regards to what the Board of Education has for available balances for projects in the current year. There is approximately \$106,000 available in nonrecurring and the bulk of this relates to \$168,000 of surplus that had been transferred out of the end of last year to nonrecurring for their use. Funds have been committed so far for design work on West Hill School’s restrooms and for Steven School’s sprinklers. For the parking lot renovation at Griswold Middle School, \$30,000 has been reserved. There is approximately \$20,000 left in the CIP and the remaining money in that budget is dedicated towards the sprinkler/elevator project at Stevens School, which will probably not start until after this July. The Town Council will have to transfer that money out of the CIP in the General Fund over to nonrecurring. They are hoping to get a percentage of this reimbursed by the State and they are anticipating approximately \$150,000. Chairwoman Vargas referred to the amount of \$28,726 and asked if that is uncommitted money currently in nonrecurring. Finance Director Mehr said yes. Chairwoman Vargas asked if the Board of Education knows that. Finance Director Mehr said Superintendent Dr. Zito had provided this and some of the Board of Education members do know about this. Chairwoman Vargas said when she had sat through a meeting last week that it was assumed there is a lot of available money for payments for current years and this sounded like it was more. Finance Director Mehr didn’t know if they were including the \$700,000 that is associated with the Stevens School project. The money will be freed up if the Board of Education doesn’t want to do these projects. He isn’t sure when there was that meeting and he mentioned that he had given this information to Superintendent Dr. Zito last Tuesday. Chairwoman Vargas said she had been concerned because numbers were being thrown out and it wasn’t really clear as to where money was going to come from.

Finance Director Mehr said the other handout related to items that the Town had included in the CIP schedule that are associated with school projects and they are trying to focus on major projects that will cost more than \$100,000. Additional money (\$250,000) has been appropriated for the Stevens School sprinkler/elevator project and money (\$240,000) has been appropriated for the West Hill School restroom improvements. The bids came in yesterday for both. From what they can tell, the Board of Education wants to replace the restrooms in the main corridor and one in the cafeteria but it wasn’t known if there would be enough money to do both. The bids came in around \$160,000 for both of those and additional funds will have to be appropriated for O & G Industries, Inc. for them to oversee that project. There might be potential asbestos too. That project will cost around \$190,000 to \$200,000 now. They will find out the Board of Education’s plans on Monday evening as to whether they want to move forward with this. He then referred to the replacement of the boilers at Griswold Middle School. There is \$25,000 in this year’s budget that the Board of Education used to hire a consultant to help them to put the specs together. This is out to bid currently. The Town increased the amount to \$375,000 because the consultant thought that at least \$350,000 would be needed plus another \$20,000 for a potential tank removal. The Board of Education is moving forward with these

projects but they technically haven't been funded yet. The funding isn't truly in place until the Town Council adopts a budget that will contain funding for the items or until it approves the projects. The Board of Education also has received a second round of security grants that it is trying to spend in the current year to upgrade the security at a couple of the schools. They have put in a request for an additional \$390,000 for next year for additional security upgrades. For the Board of Education's CIP, they have pages of small projects for \$10,000 to \$50,000. The Town was going to give the Board of Education a lump sum dollar amount so that they can do these projects on their own and then give these to the Town for it to pay. The four major projects are trying to be focused in on right now.

Councilor MacDonald referred to the Rocky Hill High School Renovate As New project. Finance Director Mehr said the Public Buildings Commission had something handed out to them on Monday evening that gave them information as to how the project stands after Payment Application # 7 from O & G Industries, Inc. was processed. These Payment Applications generally run from \$1,500,000 to \$1,800,000 per month lately. They are "eating away" at money that they had bonded for in October so they will have to revisit that probably, as well as see how they stand for any land acquisition and how they stand in the road program. They could have a funding request going out later this year. Councilor MacDonald asked as of today, if they were over budget, under budget or on budget for this. Finance Director Mehr said they are probably within their budget but they will start hitting their contingency because of a few Change Orders coming down. There are still things that they could uncover down the road seeing this is a four phase project. He thinks Phase I has to be completed by August 6, 2015 and they are saying that this will get done. Winter conditions' costs will be coming through because there was a rough winter.

Chairwoman Vargas asked Councilor MacDonald if there was anything else and there wasn't.

XIV. ADJOURNMENT

Councilor MacDonald made a motion to adjourn the meeting at 5:10 p.m. The motion was seconded by Chairwoman Vargas and adopted unanimously by those present.

Respectfully submitted,

Jo-Anne Booth
Recording Secretary